



**U.S. Department of Housing and Urban Development**

Homeownership Center  
The Wanamaker Building  
100 Penn Square East  
Philadelphia, Pennsylvania 19107-3389

October 15, 1996 **(Revised 11-27-06)**

**CIRCULAR LETTER PH 97-02**

MEMORANDUM FOR: ALL APPROVED MORTGAGEES

FROM: Gerry Glavey, Director, Processing and Underwriting Division, Homeownership Center

SUBJECT: Credit Alert Interactive Voice Response System (CAIVRS) Processing, **(Revised)**

As you are aware, mortgage lenders are required to screen all prospective borrowers using the Credit Alert Interactive Voice Response System (CAIVRS) except on streamlined refinance transactions. If CAIVRS indicates that the borrower is presently delinquent or has had a claim paid within the previous three years on a loan made or insured by HUD on his or her behalf, the borrower is not eligible for a new FHA loan. Exceptions to this policy may be granted under certain circumstances which are outlined in HUD Handbook 4155.1 REV-5.

Due to the large volume of cases that will be processed through the Homeownership Center, it will be necessary for us to implement procedures for the handling of CAIVRS. These new procedures are effective immediately.

If a lender receives a claim and/or default on a borrower's social security number when they contact (301) 344-4000, please contact the Homeownership Center's Credit Alert line at (800) CALLFHA, for further instructions. Please note this should be done at the time of application and not at loan closing.

When you access the Homeownership Center's Credit Alert Line, you will be asked to give the following information:

Your name, company's name and telephone number --  
Your 10-digit lender identification number --  
Your borrower's name and social security number --  
The claim and/or default number as well as the  
confirmation number --

Credit Alert requests will no longer be answered by issuing a waiver letter. Instead, we will be providing you information from Single Family Insurance System (SFIS) function screens. The "K02 Function and any other function screens that the underwriters may need to assist them in making their credit decision on whether the borrower(s) are currently eligible to apply for another FHA-insured loan will be provided.

In making a decision whether to issue a waiver of the 3-year waiting period, please follow the guidelines in paragraph (2-6C) of the HUD Handbook 4155.1, REV-5. When information from the K02 Function Screen" is received, item "Form Type A, Date Paid" is the date a claim was paid on behalf of the borrower specified by his or her social security number. This date of claim is the date that should be used to make the credit decision.

Some other SFIS screens are as follows:

E05 Function Screen	This screen refers to qualifying assumptions. The name of the original mortgagor is given along with the date of the assumption. Evidence that the loan was current at the time the property was sold must be provided to the underwriter.
E10 Function Screen	This screen is used in the case of a divorce or legal separation. Use the item titled "Default Date". If a divorce or legal separation has occurred and the non-applicant spouse was awarded the property, the date the court recorded the divorce or legal separation should be compared with the late payment(s). Evidence must be presented to show the loan was current at the time of the court action.
H01 Function Screen	These screens are used if the loan is in an "Active Status" and a default has occurred. You will need to contact the lender that is indicated on the "H01 Function Screen" to obtain documentation that the loan is in a current status.

At the present time, a clear Credit Alert Confirmation Number may not be given. The underwriter must decide if the borrower(s) are eligible based on the information that is provided. Supporting documentation should be placed in the closing package along with the SFIS Function Screen(s) information when sent to the Homeownership Center, Processing and Underwriting Division.

Because of the requirements to maintain confidentiality, we cannot issue Credit Alert information to the borrower(s). Please do not give the Credit Alert telephone number to your borrower(s).

Additionally, when you contact the CAIVRS line for your initial request, if you receive a default on a Department of Education Loan, Veteran Loan, IRS or Small Business Loan, please contact the number that is given to you for more information. The Processing and Underwriting Division does not have access to any information on these types of loans.

Although we do not require a "clear" CAIVRS access number as a condition for mortgage endorsement, the Direct Endorsement underwriter must document and justify the approval of the borrower.

Questions that you might have concerning this issue can be directed to the FHA Resource Center at (800) CALLFHA.